

**UTAH RESIDENTIAL MORTGAGE
REGULATORY COMMISSION MEETING**

Heber M. Wells Building

Room 210

9:00 A.M.

March 1, 2017

MINUTES

DIVISION MEMBERS PRESENT

Jonathan Stewart, Division Director
Kadee Wright, Chief Investigator
Justin Barney, Hearing Officer
Elizabeth Harris, Assistant Attorney General
Eric Stott, Real Estate Analyst
Amber Nielsen, Board Secretary
Marvin Everett, Investigator
Tim Cuthbertson, Investigator
Lark Martinez, Mortgage Education Coordinator
Mike Page, Division Staff
Desha Pages, Division Staff
Faruk Halilovic, Division Staff

COMMISSION MEMBERS PRESENT

George Richards, Chair
Kay Ashton, Vice Chair
Steve Hiatt, Commissioner
Cathy J. Gardner, Commissioner
G. Scott Gibson, Commissioner

PUBLIC MEMBERS PRESENT

Robert Shepperd

The meeting on March 1, 2017 of the Utah Residential Mortgage Regulatory Commission began at 9:01 a.m. with Chair Richards conducting.

PLANNING AND ADMINISTRATIVE MATTERS

Approval of Minutes

A motion was made and seconded to approve the February 1, 2017 minutes as written. Vote: Chair Richards, yes; Vice Chair Ashton, yes; Commissioner Hiatt, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved.

Public Comment Period

There were no comments given.

DIVISION REPORTS

Director's Report – Jonathan Stewart

Director Stewart reported the Division Bill passed the Senate and has been sent to the Governor for his signature. The effective date will be May 8, 2017. Fee changes will go into effect on July 1, 2017.

Director Stewart presented a revised Executive Order from Governor Herbert dealing with establishing effective oversight over state agency rule making. The changes are geared to make sure that rule makers keep in mind the public and small businesses. The main changes require that the agencies use an analysis tool to estimate fiscal impact when making rules.

Director Stewart stated he was asked to report statistical information on the number of licensees who are in state and who are out of state. Director Stewart reported there are 2,808 Utah Loan Originators and Lending Managers and 1,711 non-residential licensees, which is roughly 38 percent out of state. There are 261 in state licensed entities and 306 out of state entities, which is roughly 54 percent out of state.

Enforcement Report – Kadee Wright

Ms. Wright reported in February the Division received 7 complaints; opened 1 case; closed 0 cases; leaving 82 open mortgage cases. The AG's office has 12 cases.

There are no stipulations for review.

Education/Licensing Report

Ms. Martinez reported to the Commission regarding the course outline for the new post licensing education requirement. The Division had not received feedback from the Commission on their preferences for the course content. Director Stewart stated the Division would like to have this outline completed as soon as possible to allow schools to prepare their courses in advance of the requirement becoming effective. Commissioner Gardner discussed some topics which the Commission has noticed some issues. Commissioner Gardner briefly mentioned an issue regarding referrals which will need to be discussed in the future. Director Stewart stated the Commission will need to decide if they would like to amend the rule to make the course due by the end of the first licensing year or the end of the second licensing year.

A motion was made and seconded to amend the rule to require the course be taken by the end of the second year. Vote: Chair Richards, yes; Vice Chair Ashton, yes; Commissioner Hiatt, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved.

A motion was made and seconded to form a committee to create the course outline with Commissioner Gardner as Chair of the committee. Vote: Chair Richards, yes;

Vice Chair Ashton, yes; Commissioner Hiatt, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved. Commissioner Gibson will also participate on that committee. Director Stewart stated the Division will have a few members join the committee and a few industry members will be on the committee as well.

Hearing Officer Report – Justin Barney

Mr. Barney reported there are no licensing stipulations for review this month.

Commission and Industry Issues

Mr. Barney presented proposed rule changes to R162-2c-201 and R162-2c-204. The rule change in 201 deals with deadline for individuals who pass one portion of the lending manager examination and need to pass the other portion. The rule change in 204 deals with the new LO course which was something the Commission decided to require as part of the decision to adopt the UST. Mr. Barney stated he will update the language to reflect the Commission's decision to require the education in the second year. The language will be updated and will be considered at the meeting next month.

Ms. Harris spoke regarding the proposed signing rule which has been discussed at length in previous meetings. Ms. Harris stated she spoke with Mr. Miller regarding his concerns that the rule would effect the secondary market; they determined that since the rule would relate to licensees it wouldn't cause the same problems as other rules in the past have. Ultimately, Ms. Harris and Mr. Miller agreed the language did not need to be changed to convey the Commission's intent. He did state if there were exceptions that it would probably just need to be an exception for the final 1003. However, Ms. Harris believes the Division still would have concerns with disclosure should there be an exception on that document since it would not be clear who is signing. Ms. Harris reported the Division internally discussed the rule granting exceptions may not be warranted if no one will use the exceptions. Vice Chair Ashton asked if the Commission is required to approve a rule by statute. Director Stewart stated the statute stating a licensee cannot sign on behalf of someone else has already been in effect for close to a year and the rule would only be providing exceptions to that requirement. He stated if no one will use the exceptions he does not know that it's necessary to proceed with the rule change. The Commission agreed the changes are unnecessary and have decided to not accept the rule change.

A break was held from 9:25 a.m. to 9:47 a.m.

INFORMAL HEARING:

9:47 a.m. Robert Shepperd – Application to Act as a Mortgage Loan Originator

A break was held from 10:42 a.m. to 10:52 a.m.

The informal hearing concluded at 10:59 a.m.

A motion was made and seconded to close the meeting for the sole purpose of discussing the character, professional competence or physical or mental health of an individual. Vote: Chair Richards, yes; Vice Chair Ashton, yes; Commissioner Hiatt, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved.

CLOSED TO PUBLIC

An executive session was held from 10:59 a.m. to 11:37 a.m.

OPEN TO PUBLIC

Mr. Shepperd will be notified in writing of the Commission's decision regarding his informal hearing.

A motion was made to adjourn the meeting. Vote: Chair Richards, yes; Vice Chair Ashton, yes; Commissioner Hiatt, yes; Commissioner Gardner, yes; Commissioner Gibson, yes. The motion is approved. The meeting adjourned at 11:37 a.m.